



Air Resources Board



Matthew Rodriguez
Secretary for
Environmental Protection

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Edmund G. Brown Jr.
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TO: All Interested Parties

FROM: Annette Hebert, Chief
Emissions Compliance, Automotive
Regulations, and Science Division

DATE: November 14, 2016

SUBJECT: PUBLIC WORKSHOP TO DISCUSS VOLKSWAGEN'S ZERO EMISSION
VEHICLE INVESTMENT COMMITMENT DEVELOPMENT PROCESS
AND INVESTMENT AREAS

The Air Resources Board (ARB) invites you to participate in a public workshop to provide suggestions for Volkswagen's (VW) \$800 million 10-year zero emission vehicle (ZEV) Investment Commitment in California. The ZEV Investment Commitment is a component of California's partial settlement with VW resulting from VW's use of illegal defeat devices in 2.0 liter (2.0L) diesel cars that were sold in the State from model years 2009 to 2015.

The partial settlement establishes eligible categories for VW investments, including installing zero-emission vehicle fueling infrastructure (for both electric and hydrogen-powered cars), funding brand-neutral consumer awareness campaigns to increase the zero-emission vehicle market, and investing in projects such as car-sharing programs that will increase access to zero-emission vehicles for all consumers in California. VW also is required to prepare a series of California ZEV Investment Plans, outlining the details of its proposed investments, for ARB review and approval.

During the workshop, staff will discuss: (1) four areas of qualified investments: ZEV infrastructure, public awareness, increasing ZEV access, and green city projects; (2) potential guiding principles and priorities for the first ZEV Investment Plan; and (3) the process and timeline associated with development, review, and approval of the first investment plan. After the discussion, members of the public will be invited to make comments related to the ZEV Investment Commitment. Following the workshop and with consideration of comments received at the workshop and in writing, ARB will develop a guidance document communicating California's priorities and guiding principles for ZEV investments to be transmitted to VW to aid in their ZEV Investment Plan drafting. The deadline for VW's submittal of the first ZEV Investment Plan is February 22, 2017.

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

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Workshop Details

Date: Friday, December 2, 2016
Time: 9:00 a.m. to 12:00 p.m.

Location: Cal/EPA Headquarters
Coastal Hearing Room, 2nd Floor
1001 I Street
Sacramento, California 95814

Participants unable to attend in person may take part via webcast. The webcast may be accessed on the day of the workshop at: <https://video.calepa.ca.gov/>. One week prior to the workshop, workshop materials will be available on California ZEV Investments website (https://www.arb.ca.gov/msprog/vw_info/vsi/vw-zevinvest/vw-zevinvest.htm).

ARB has established a new electronic mailing list to notify stakeholders of upcoming events related to the Volkswagen ZEV Investment Commitment. If you would like to be notified of future meetings and the availability of materials, please sign up for the California ZEV Investments electronic mailing list at: https://www.arb.ca.gov/listserv/listserv_ind.php?listname=vw-zevinvest

Interested members of the public may present comments for consideration in California's summary of guidance to VW as it develops its first draft California ZEV Investment Plan in one of three ways: orally or in writing at the workshop, or submitted by postal mail before the workshop, or electronically by December 16th to the below address.

Postal mail: Mr. Mark Williams, Mailstop 3E
Air Resources Board
P.O. Box 2815
Sacramento, California 95812

Electronic submittal:
https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=vw-zevinvest-ws&comm_period=1

Special Accommodation. If you require a special accommodation, or need this document in an alternate format (i.e., Braille, large print), please visit <http://www.arb.ca.gov/html/ada/ada.htm> for assistance or contact the Americans with Disabilities Act Coordinator by telephone at (916) 323-4916 no later than 10 business days before the scheduled meeting. If you are a person who needs assistance in a language other than English, please visit www.arb.ca.gov/eoo/bilingual-services.htm or

contact the Bilingual Coordinator by telephone at (916) 322-0473 no later than 10 business days before the scheduled meeting. TTY/TTD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia;
- Documentos disponibles en un formato alterno u otro idioma;
- Una acomodación razonable relacionados con una incapacidad.

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 324-0342 o envíe un fax a (916) 327-8524 lo más pronto posible, pero no menos de 10 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

Background

On October 25, 2016, the United States District Court for the Northern district of California approved a proposed Partial Consent Decree (Consent Decree) between ARB, VW and the United States Department of Justice. The Consent Decree partially resolves Clean Air Act and California State claims against VW for equipping its 2.0L diesel vehicles with defeat devices. This consent Decree fully mitigates the 2.0L diesel cars on the road and the environmental harm from the violations.

There are four elements of the Consent Decree. Each element is described in a separate appendix.

Appendix A (the Buyback, Lease Termination, and Vehicle Modification Recall Program) and Appendix B (the Vehicle Recall and Emissions Modification Program) describe the procedures that VW will use to offer its affected consumers the option of either: (1) a buyback or lease termination, or (2) the option of an emissions modification in accordance with the technical specifications prescribed in Appendix B. The Consent Decree also allows consumers to choose to do nothing. Appendix D (the Environmental Mitigation Trust) is intended to fully mitigate all past and future excess NOx emissions from the subject vehicles. Under the terms of the Consent Decree, VW must pay about \$381 million into a mitigation trust over a three-year period for projects to replace older and dirtier heavy-duty diesel vehicles and equipment in California with cleaner vehicles

and equipment, including advanced zero- or near-zero-emission technologies. Governor Brown will designate a lead agency to develop, administer, and implement a Beneficiary Mitigation Plan. The Beneficiary Mitigation Plan, which will be developed with public input, will describe the eligible mitigation actions from the list specified in the Consent Decree that will be funded from the trust.

Finally, this workshop will concentrate on Appendix C (the ZEV Investment Commitment). Appendix C requires VW to invest \$800 million in California over a 10-year period to support the increased use and availability of ZEVs. VW will implement these investments in four \$200 million 30-month cycles. Appendix C outlines four areas of qualified investments:

- ZEV infrastructure (including the development and maintenance of ZEV charging stations). Guiding principles for infrastructure could include investments that result in charging infrastructure that is complementary and additional to existing infrastructure investments, are inclusive of locations serving disadvantaged and under-served communities, are transformative (either through concentration in a small number of communities, or because of its use of innovative technology) and that are inclusive of all ZEV types.
- Public Awareness. Guiding principles for public awareness could include investments that are sustained, clear and effective with mixed media implementation and experiential elements like ride and drives. It is strongly recommended that VW work with existing multi-stakeholder efforts to implement public awareness campaigns to consolidate and leverage efforts.
- Increasing ZEV Access. Guiding principles for ZEV Access could include Appendix C investments that accomplish the goal of broadening access to ZEVs, including making them available to disadvantaged and disproportionately impacted communities, lower income groups, and those with limited access to personal transportation. Increased access can be accomplished through the use of community based car- and ride-share programs, vehicle scrap and ZEV replacement programs, and zero emission transit.
- Green City. Guiding principles for Green City projects could include investments that achieve a broad transformation of the transportation elements within a given city using car share, zero emission transit, zero emission freight, and other innovative strategies within a concentrated area.

Efforts in these four areas combined are intended to address the adverse environmental impacts arising from the use of vehicles that consumers believed were lower-emitting vehicles. While ARB is developing initial guiding principles, some of which are outlined in the four areas of qualified expenditures above, the Consent Decree stipulates that VW has final say over its proposal for spending Appendix C funding, as long as it complies with the terms of the Consent Decree.

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Contact

We welcome and encourage your participation. If you have questions regarding the public workshop, please contact Mr. Mark Williams, Air Pollution Specialist, at (916) 327-5610 or by email at mwilliam@arb.ca.gov or Ms. Elise Keddie, Manager, at (916) 323-8974 or by email at ekeddie@arb.ca.gov.